



Furthering Families

Income loss

How to address the stress and prioritize your financial needs for the family

Income loss can be very stressful for families. When an individual or family suffers a loss of income, the immediate response is to look for alternatives for maintaining your family's financial security. One way to stretch your income is to examine how your family is currently spending money.

Needs and Wants

To ensure that your income is being spent efficiently and the way you want it to be is to look at the **needs** and **wants** of your family.

- A **need** is something that you must have; it is essential for living. Some examples of a need are shelter, warmth, good health, and food.
- A **want**, on the other hand, is something that is not necessary to survive, but you really desire. Examples of a want are a new car or a winter vacation.

To identify individual and family needs and wants, make a list of the things that are necessary for survival and those things that you would like to have if there is enough income available. One way to cut down on costs and reduce expenses is to eliminate or reduce some of the things on your "wants" list. This is good to do both individually as well as with your family. Sometimes things may be a need for one family member and a want for others. Listening to the individual needs of each family member is important for cooperation by everyone.

Values

Needs and wants cost money. If you and your family do not develop a budget as a plan for how you want to spend your money, you may end up spending too much money on items that are not necessary. Review each family member's individual values to prioritize what you need to spend your money on first and what things can wait.

Decision-Making Skills

Use your financial decision-making skills to determine the next step when there is conflict between family members' values about needs and wants.

Decision-making skills are based on using collaboration and accommodation to reach a decision that results in agreement by each family member.

Making use of good decision-making skills is necessary when your family is faced with making tough decisions. Using good communication skills and compromising with family members are important parts of a good decision-making strategy. (See the bulletin entitled, *"Communicating with your Family: the Family Decision Making Process"* for tips on successful group decision-making.)

Goals

Once you have prioritized your list of needs and wants, the next step is to set goals for the family.

Goals are what you want to achieve by a particular date/time.

The time frame for goals will vary from short-term goals, medium-term goals, and long-term goals depending on several factors.

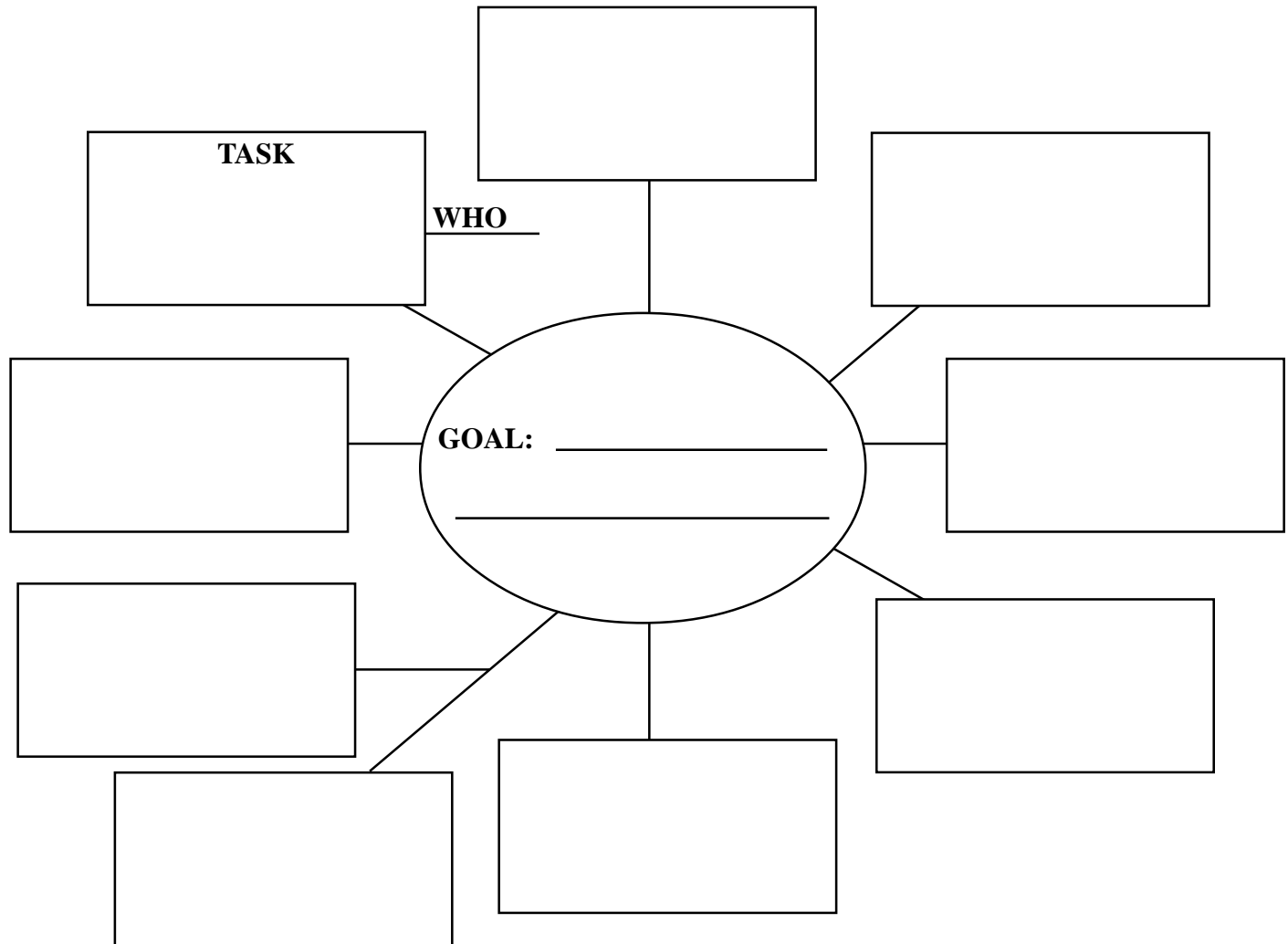
- **Short-term goals** are the goals you want to achieve in the immediate future. Short-term goals can usually be completed within the next few days or weeks. An example of a short-term goal is to purchase a new furnace on Friday.
- **Medium-term goals** are the goals you want to achieve within the next one to six months. An example of a medium-term goal is to save up money within the next three months to purchase a new car for your spouse.
- **Long-term goals** are the goals you want to achieve in the future. The time frame for long-term goals may be between six months to one year or even greater. Often these goals are hardest to achieve because of the length of time it takes to see results. An example of a long-term goal is to save enough money to assist your child with his/her college education.

Once you have established your family's goals, the next step is to define the tasks that you and your family will need to take to achieve those goals. One way to do this is to make a "Financial Goal-setting Tree" for each goal. Here are four questions to help you make your own financial goal-setting tree:

- 1) **What** do you want to achieve? Write your goal in the middle oval of the tree.
- 2) **How** you will achieve your goal? List all the things that you will need to do to achieve the goal in the boxes on the tree.
- 3) **Who** will be responsible for each task that has been identified to achieve the goal? Ask family members to choose the tasks they will do to accomplish the goal, and have them put their initials next to the box with their option.
- 4) **When** will you reach your goal? As a family, determine how long each task will take by creating a timetable. This will help your family to see progress as they achieve the goals they set.



Your “Financial Goal-setting Tree” is the action plan needed for you and your family to accomplish your goals.



The final step of a successful decision-making process is to keep the goal in mind. Review your plan frequently. Making changes and adapting your plan to fit new circumstances will be necessary for the plan to remain appropriate for your family situation. Using this process can help you and your family deal successfully with the stress around income loss in your family.

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